

workers' truth

Toward the International Party of Revolutionary Workers

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Social Crisis In Italy Economy Nears Collapse

The present conjunctural crisis of capitalism is, as always, striking the various national capital blocs in a less than uniform manner. And, also, as always, it is the weakest links in the world capitalist chain that are the first to see the virtual collapse of their economies. Such is the case with Italy. The state of Italy's economy was aptly summed up by the CHICAGO TRIBUNE's Rome correspondent:

Inflation, a weak currency, and indebtedness problems have confronted Italy for the last decade and have brought about the downfall of 13 cabinets in that time. Just how bad is Italy's economy? Well, for starters it has an inflation rate of 20%, the highest in Europe (with the exception of Portugal). In fact, 20% inflation rates are far more common in the underdeveloped sectors of the globe. The lira (the Italian currency) has dropped 18% on world money markets as of mid-June (it was steadily dropping at that time with no upward trend in site).

As for indebtedness, virtually every Italian government agency is in debt. The Italian central government suffers from a chronic balance of payments deficit (\$1,000,000,000 per month) and its foreign credit has plummeted to virtually zero. As a result of the Organization of Petroleum Exporting Countries (OPEC) price hikes following the October 1973 Mideast War, E.N.E.L., the state power company operated at a \$1 billion loss. The fact that the central government is virtually bankrupt has had its repercussions on the major Italian municipal governments which operate on the basis of national subsidies. The drying up of this source of funds has forced Italian cities to operate at a deficit of as high as \$1.5 million per day in Rome's case.

Italy has attempted to solve its fiscal problems by borrowing heavily from virtually everyone who will lend. This has failed to dent their debt and the number of banks and governments willing to lend to the Italian government is rapidly dwindling. In another attempt to shave its balance of payments deficit it has cut down on imports which has resulted in a straining of the already strained ties in the Common Market.

Nor is the Italian government the only sufferer from the chaos bred by the crisis of capitalism. Italy's work-

ing class has been up to this point one of the hardest hit by the current crunch. For Italy's workers the crisis has taken the very real form of prices soaring out of reach, worthless money, higher taxes, the sweating out of productivity increases under the direction of Italy's flagwaving unions, black-outs at 10 p.m., the inability to get a letter across the country and a rapidly increasing unemployment. Any week now thousands of municipal workers face the prospect of being added to Italy's swelling unemployed roles. The primarily agrarian south has been hit hardest by unemployment and many southern Italians have in fact left the country to seek work elsewhere.

It is clear that with the deterioration of the world economy as a whole, Italian capital has no way out of its present headlong rush toward economic collapse. Its only hope is to postpone it through a massive centralization and autarchic restructuring of its economy. There are three possible methods for this: 1) a military coup; 2) Stalinist counter-revolution instituting "socialism in one country" on the back of a working class upsurge which they would then crush; 3) fascism. Given the social climate in Italy (large-scale fascist movement, essentially timid Stalinist Communist Party) and Italy's history, the third alternative, fascism, is the logical answer for Italy's bourgeoisie.

Christian-Democratic leader Mariano

Rumor has patched together 5 governmental coalitions in the last year. In fact since Mussolini's fall in 1943 there have been no less than 36 governments, more-than one per year. The consensus of world capitalist opinion was summed up by a foreign diplomat in Italy: "The problem is that there are no leaders in this place. Italy has to bite the bullet, but no one's willing to do it." However, Italy's MSI (Italian Social Movement) headed by Giorgio Almirante, and various splinter fascist groups have already "biten the bullet", "picked up the gun", and thrown a few bombs, as they attempt to stir up the mass of Italian unemployed and peasantry to cry out for a new "duce" and gain the ear of Italy's rulers.

Although fascism stands as virtually the only alternative for Italian capital, there is another force which can and will have something to say. That force is the Italian working class. In 1969 when the Italian employers and their government carried out an offensive against the living standard of Italy's workers, the response was a broad strike movement which swept the country. On the whole the strikes were initiated and developed outside the union structure. Italian workers began forming independent committees to wage the struggle. However, the unions were able to step in and defuse the struggle persuading the workers to

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Italy Votes on Divorce

In capitalist society economic crises are not simply reflected in inflation and unemployment rates or balance of payments deficits, but in the upheaval of the entire social framework. One of the expressions of this upheaval in Italy is the recent polarization around the issue of divorce. While in many countries, like the U.S. for example, divorce is not an issue, in Italy, the seat of Roman Catholicism, the allowance of divorce (even with the present restrictions) represents the extreme deterioration of the existing status quo. However, it must be remembered that while it is a blow to the currently dominant Vaticanized wing of Italian capital, it is by no means a blow to capitalism in general (even in

Italy).

Social-democrats right and left around the world (from Italy's Socialist Party to America's Spartacist League) hailed the retention of divorce as a great victory against the Pope and fascism and a defense of the "most elementary democratic rights". However, workers in Italy (and throughout the world) must view the recent divorce referendum from a WORKING CLASS point of view, not from the point of view of capitalist democracy. Capitalism has long outlived its usefulness, as can amply be seen by Italy's in particular and the world's in general collapsing economy. We have nothing to gain by keeping it around. Our every effort must be directed toward ridding our

continued next page

L. Lee

9/23/74

MOSCOW Revisited

Richard Nixon is home from Moscow and Summit III. Last year when Brezhnev came to the United States and the year before when Nixon went to Russia there was much fanfare and ballyhoo about the detente and the prospects for world peace. This year, after the Mideast War in October and India's development of nuclear energy, relations are strained and the optimism subdued when present at all.

About all that came out of the talks was another extended trade agreement and an extension of the provisional arms limitation agreement. The arms agreement meant virtually nothing. Both sides agreed not to build ABM sites that they had already decided not to build, and an agreement was made to end underground testing in 1976. In order to make sure they get their testing done in time, both the United States and Russia set off underground nuclear tests soon after the talks ended.

If the talks were meaningless, even from the capitalists' point of view, why did Nixon travel to Moscow? The fact of the matter is, the talks with Brezhnev were a ploy to draw attention from Watergate, a goal in which they were not successful. However, they were not simply a diversionary tactic and nothing more. There was a reason why Nixon went to Moscow and not say Peking. Nixon is at this time representing that faction of American capital which seeks an alliance, if possible, with the Soviet Union. The fact that there are opposing factions on this question can be seen by the fact that at the same time that Nixon was toasting with Brezhnev in Moscow and Yalta, Democratic Senator and presidential hopeful Henry Jackson, the darling of the AFL-CIO, was paying homage at the court of Mao Tse-Tung in Peking. While denouncing

"Communist" repression of Jewish emigrants in the Soviet Union, Jackson calls for increased trade with "Communist" China and the withdrawal of U.S. recognition of "free democratic" Taiwan (Nationalist China).

When Brezhnev came to the U.S. last summer we wrote the following in an editorial "Nixon-Brezhnev Talks: What Do They Mean?" (WORKERS' TRUTH June 1973). Recent events (including the October War and the recent "peace" accords between Israel and the Arab countries) have proven the correctness of our analysis. Jackson's overtures to Mao and Chou are in the same vein as Nixon's affair with Brezhnev.

What is the real meaning of the detente and the talks between Nixon and Brezhnev? Are they nothing more than simple trade deals? Are they really a step toward world peace? Is Brezhnev really a class collaborator? The meaning of the detente was best summed up in the MANIFESTO OF THE REVOLUTIONARY WORKERS GROUP:

The pages of the capitalist press are filled with talk of detente. The spirit of detente covers the world. However, this is nothing more than the lull before the storm. Events are rapidly moving toward a Third Imperialist World War, one which could spell the end of humanity. The so-called spirit of detente is nothing more than a period of horse-trading before the imperialists finally choose up sides for the massive conflict which is inevitable unless the working class intervenes by destroying the capitalist system through revolutionary action before they are destroyed along with it through the nuclear holocaust which would no doubt mark the finale of a Third Imperialist World War.

Peron Is Dead—Long Live...

Juan Domingo Peron is dead. The 78 year old president of Argentina died July 1 of heart failure in a Buenos Aires hospital. Peron became president (for the second time) in September 1973. A military junta had been governing Argentina. The junta (headed by General Alejandro Lanusse) agreed to step down in favor of elections in March 1973. Peron was not allowed to run in those elections (he had not returned from exile in Spain soon enough), but his stand-in on the Justicialist ticket (the Peronist party) Hector Campora won the election and in turn stepped down in favor of the September election won by Peron.

Although Peron is dead, Peron is president. Isabel Peron that is, Peron's wife who was vice-president on an all-Peron ticket in September. There has been some question as to whether Mrs. Peron will be able to finish out her husband's four year term. Soon after Peron's death all the major factions of Argentine capitalism appeared to be united around Mrs. Peron's presidency (or so they claimed). However, the possibility of a military coup or a new special election pushed by Peron's number one rival Ricardo Balbin of the Radical Party should not be excluded if Mrs. Peron is unable to maintain the mystique of the dead dictator. And in fact it would appear that such a task will prove to be difficult indeed.

Peron himself was having trouble keeping his movement

united and keeping the Argentine workers in line. Argentina's working class expected Peron's second coming to be fraught with economic "miracles" as in his first accession to power. However, times had changed. When Peron assumed power after the Second Imperialist World War, capitalism was going into the reconstruction phase of its decadent cycle. Thus the expansion of world capital to replace what had been destroyed in the war allowed for some crumbs to fall from the table of Argentine capital into the hands of the Argentine proletariat. However, Peron came along this time when capital had completed its reconstruction and had been plunged into another conjunctural crisis. No longer able to use the carrot, Peron (no less so than the junta before him) had to turn to the stick.

As the crisis deepens, the Argentine working class will be forced more and more to wage its struggle outside of and eventually against the Peronist trade unions which function as a major prop for the capitalist system in Argentina, as well as against the capitalist state no matter who happens to be running it at the time. Whether the head of state be Peron, Balbin or Lanusse, the lines are still there: capital vs. the working class. Only the international class struggle and working class revolution will liberate the proletarians of Argentina. Peron is dead!

Long live Peron? NO! Long live Balbin? NO! Long live Lanusse? NO! LONG LIVE THE INTERNATIONAL WORKERS' REVOLUTION!

... Divorce from page 1

selves of this decaying carcass of historic obsolescence. Not patching it up, but throwing it out, that's our task. By participating in divorce referenda, bond issues, elections and what have you, all we are doing is telling the capitalists how we would like their state to order our lives while they continue to exploit us, robbing us of the value we produce, in their factories. We must make it clear that the capitalists have no right to pass laws telling us we can have divorce any more than they have the right to pass laws telling us we can't have divorce. It's not a question of which laws the capitalist state passes, just as it's not a question of how much they pay us that really counts. What really counts is that their state is in a position to pass any laws, and that they are in a position to force us to work for

wages rather than for the collective and individual needs of ourselves and our class.

The working class throughout the world has one common interest today: socialism. Socialism stands as the only alternative to decaying capitalist barbarism in Italy, the U.S., Russia, China and throughout the world. The divorce referendum in Italy must be viewed not as a defense of workers' rights or a plane of the class struggle, but, on the contrary, as a diversion from that struggle, an attempt to bog down the consciousness of the working class in the swamp of capitalist democracy. Revolutionary workers in Italy, as elsewhere, must raise the cry: Referenda and elections are no solutions to the problems of our class! Only the independent revolutionary class struggle can solve them! Not divorce, but the abolition of capital!

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Marxism and South America

Part Five: Venezuela

by Ron Albertson

The opening of the twentieth century saw Venezuela under the control of General Cipriano Castro. Castro had come to power by hiring his own private army and then conquering the capital. Castro was noted for financing his government by fining and taxing foreign corporations. This policy brought about a blockade in 1902 by the British, German and Italian navies. Soon after, coastal towns were being bombarded and the U.S. navy was on the way to help plunder. All this forced Castro to temporarily capitulate. By 1908 Castro had become seriously ill and left the country to be administered by General Gomez.

General Gomez's policy towards foreign investment was quite different from that of the previous regime. Just before the First Imperialist World War, Royal Dutch-Shell was given concessions for oil which soon aroused a group of American firms to arrive in competition. The oil companies were allowed to do whatever they pleased. In fact Gomez would make the oil companies' policy into law. Thus, Venezuela was turned into the world's second largest oil producing country at that time. Revenues direct and indirect from the oil industry paid for over half of the government's expenses.

From that time on, oil became the dominant factor in the economy of Venezuela. Recently, because of the rise in interest in oil, Venezuela has emerged as an important country in the matter of world politics. In fact, the oil industry along with an expanding agricultural industry has made Venezuela one of the more advanced (technologically) countries in South America.

Because of the strengthened position of such countries as Venezuela in the world market (primarily under the auspices of the Organization of Petroleum Exporting Countries), many currents within the Venezuelan bourgeoisie see a chance for possibly breaking themselves out of their current world market position as an imperialist colony and becoming a real competitor.

In the past few years a number of steps have been taken to further consolidate and centralize the economy and generally lay the groundwork for full scale nationalization. The major industry, oil, has been put under a plan of eventual nationalization through the "reversion law". State control over the domestic market has been instituted, along with the nationalization of gas. There has also been a trend to channel capital into building factories which will make Venezuela's agribusiness more self-sufficient and less dependant on foreign investment, and able to export fully-processed products.

Overall, the bourgeois socialists of the left have criticized the right for not carrying out centralization fast enough. The reactionary role of the left can be seen especially in the context of the recent elections. Here we see the different programs span from channelling the workers into supporting the partial centralization of capital to the full centralization, and from the electoral road to the violent road as a means of this transformation.

One of the larger electoral coalitions was the Nationalist Popular Front, better known as the "New Force". This coalition was dominated by the Venezuelan Communist Party (PCV). The program of the New Force was outlined in a document entitled "Essentials for Drawing Up the Government Program of the Nationalist Popular Front". It reads as follows:

- 1) to defeat imperialism and the oligarchy, as well as the parties that support them;
- 2) to achieve national liberation;
- 3) to lay the groundwork, via thorough transformation of the economic and social structures, for the development of a socialist democracy.

Later on in the document the economic structure which the New Force envisions is described as a mixture of state-owned and privately-owned capital.

To call for the end of imperialism without the end of capitalism is ridiculous. Imperialism is only the stage which capitalism has reached in this epoch. To see imperialism simply in terms of "Yankee go home" is to find oneself in the camp of some other imperialist power (generally the Soviet Union).

The second demand is an obvious bourgeois demand. The proletariat has no country. It can only struggle for the international liberation of the world working class. National liberation in the imperialist epoch of capitalist decay can only mean the liberation of the national bourgeoisie to better exploit its workers. National liberation can only be achieved from one imperialist country by going into the sphere of influence of another imperialist power.

The dominant party in the New Force is, as we said before, the PCV. The PCV is only the mouthpiece of the Russian bourgeoisie in Venezuelan politics. The Russian bourgeoisie would no doubt be pleased to see Venezuela nationalize its economy and probably alienate Venezuela from the Western imperialisms (most notably the United States) and open it up for plunder by Russia (as happened in Fidel Castro's Cuba).

Another major group on the bourgeois left which participated in the elections is the MAS (Movement Toward Socialism). The MAS formed in January 1971 as a split from the PCV. The split carried off a large number of the PCV's membership (in fact the majority), but most of those who split simply dropped out of politics.

The split originated over some books by Theodoro Petkoff, which included criticisms of the Russian invasion of Czechoslovakia and the Russian policy of giving aid to countries like Egypt at the expense of North Vietnam. A faction was formed around Petkoff which brought about direct intervention by Moscow. About a month and a half before the PCV was to hold its congress, PRAVDA reported:

The provocative activity of Petkoff and his group can not fail to create certain difficulties for the revolutionary movement of Venezuela. However, the experience of the international Communist movement shows that when all the healthy forces of the party rally around the leadership in a resolute struggle based on the principles of Marxism-Leninism,

against the opportunism of all attempts to divert the party from the true Leninist path will suffer rebuff.

The PCV right wing then engineered a split by the left which went on to form the MAS.

Whatever, the MAS has not broken from the bourgeois politics of its parent. The MAS believes that there must be a stage where the national bourgeoisie will play a progressive role in revolution. In the founding theses of the MAS we find:

Given the economic and social structure of Venezuela, the task of eliminating foreign domination and its fundamental bases of support in Venezuelan society takes on a certain preeminence and priority in the general course of the revolution. Hence, as a prominent part of the overall revolutionary process, we must envision an anti-imperialist stage, in which the tasks of social change focus on breaking American domination, liquidating the political and economic power of the sectors of the big bourgeoisie in the service of American imperialism, overcoming the vestiges of backwardness, and liquidating big landed property, the latifundia.

The MAS only offers the workers a chance to help the national bourgeoisie somehow break from the hold of western imperialism (despite the MAS quarrel with Russia, this break would no doubt result in a political and economic rapprochement with Russia, or possibly China). The MAS holds nothing for the working class at all except its reactionary politics which hold the workers under the yoke of capitalism. We live in the epoch of decadent capitalism, which means that at NO time can the bourgeoisie play a progressive role.

The Venezuelan Trotskyist Group (GTV, cothinkers of the American Socialist Workers Party) supported the MAS in the last election. The GTV only quantitatively separates itself from the MAS on the question of steps in the revolution. The GTV wants to expropriate foreign capital and centralize domestic capital all in one step. But for a group that supports the NLF, North Vietnam, Arab nationalists, etc., we must question what they mean by revolution. Surely if the Arab nationalists and Arab governments along with the North Vietnamese and NLF are given the GTV's support, the GTV can not be for a working class revolution, not for the abolition of wage-labor and for working class internationalism. The aim of the GTV, as for the rest of the bourgeois left, is state capitalism.

There is only one program for the working class today, that is the revolutionary overthrow of capitalism. This can not be carried out through the stages schemes and state capitalist proposals of the bourgeois left, but only by a revolutionary overturn of all class relations, the destruction of the capitalist state, abolition of capital, wage-labor and the market. In order to carry out such a revolution, the working class must achieve a revolutionary class consciousness. In its struggle to achieve this con-

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The Crisis

The following article is reprinted from the May 1974 issue of WORLD REVOLUTION published in Great Britain.

Capitalism worldwide is in a deep conjunctural crisis. The origins, nature and meaning of this crisis must be understood so that revolutionaries can express and sustain coherent class perspectives. This article attempts to provide a general outline of the historical framework and origins of the present crisis, and in particular to appraise the class struggle in Britain within that framework.

THE HISTORICAL PROBLEM

As Rosa Luxemburg showed in her ACCUMULATION OF CAPITAL and elsewhere, it is impossible for the surplus value extracted from the working class to be realized solely within the limits of the capitalist system. The basic limitations to the accumulation of capital define the historic periods of capitalism's ascendancy and decay as a mode of social reproduction.

While capitalism was not yet a world-dominant system it could expand into extra-capitalist economies to find markets for its commodities, so realizing abroad that surplus value which could not be realized in its domestic markets. This was the answer to the problem during the ascendant period of capitalism, and it was in fact only by selling into these extra-capitalist markets that capitalism was permitted a steady accumulation, though this was by no means pacific or crisis-free. The crises it suffered during the 19th century performed a useful, if painful function. They allowed shake-outs in the less productive sectors and permitted more efficient concentrations for further accumulation. As its efficiency in expansion and its ability to find and exploit new markets improved, so capitalism could yield higher standards of living to the working class (which nonetheless had to be fought for tooth and nail). This expansion over the entire world produced other notable phenomena at home - the periods between crises lengthened, their durations were shortened and their effects were mitigated.

By establishing a unified world market within capitalism the bourgeoisie finally created a "closed" system - closed because of the exhaustion of extra-capitalist markets. Now exhaustion does not mean that there were no more markets at all. This never happens. But

from the standpoint of capital, which is the consideration here, these external markets were exhausted RELATIVE TO THE NEEDS OF CAPITAL--that is when they became insufficient for the necessary realization of surplus value to allow for a new cycle in the accumulation process. The consequence of this "enclosure" was that national capitals had to fight to appropriate rival capitals' markets in the attempt to solve the realization problem. This necessity produced the First World War which unequivocally marked the onset of capitalism's decadence.

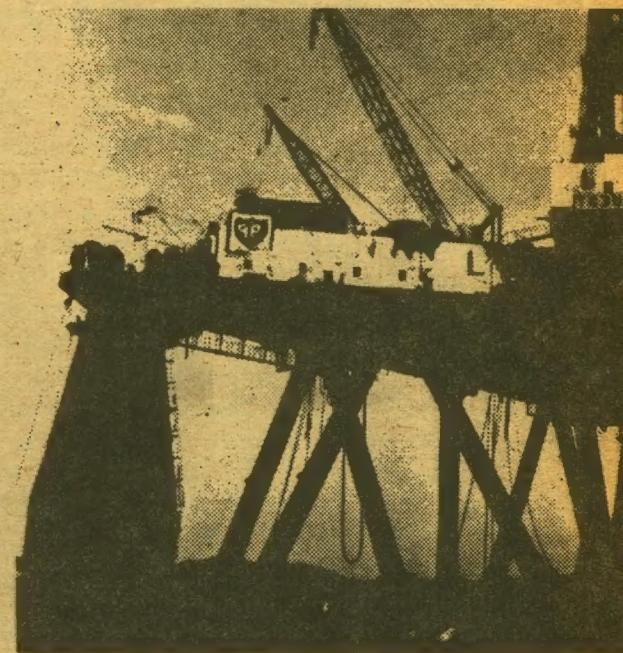
It is the historical impossibility of solving the realization problem which characterizes decadence in a material way.

The classic cycle of decadence was then born: war, reconstruction, crisis and again, war. Capitalism's only "solution" to its conjunctural crises in decadence is to precipitate itself into orgies of horrendous destruction in which its productive forces are devalued to the extent that it gains some respite by rebuilding them. But this reconstruction is not mere replacement of those reproductive forces which have been destroyed. Reconstruction after a war does not start off the renewed accumulation process with pre-war technology, but with more sophisticated and more productive technologies as well as a labor force with greater skills. Nor does reconstruction end when pre-war levels of accumulation and production are reached; these attain far higher levels because old markets can be exploited more efficiently (partly through the use of credit and other financial mechanisms) and some new ones can be squeezed into existence or snatched from competitors.

THE POST-WAR PERIOD: RECONSTRUCTION COMES AND GOES

The period after the second World War has been characterized by the creation of immense markets for permanent waste production. Now waste markets cover a wide range but they all have a common function; they remove surplus value from the accumulation cycle. So although an individual capital may accumulate as a result of selling in a waste market, global capital cannot.

The drive to produce for these markets did not come from a decision of capitalists conscious of the historical problem of their system, but grew out of the necessity of national capitals to protect their existing markets. The permanent inter-imperialist rival-



The British Labour Party
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Sylvia

1920

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ditures to maintain competitiveness in
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ponry, and this investment provided a
stimulus not only to the direct arms
producing industries but also to an
cillary industries. This mechanism of
stimulating industrial growth extended
to other waste sectors: to huge state
bureaucracies, to space programs, to
the advertising "industry" and so on.

Waste markets are nothing more than
temporary surrogates for extra-capital
ist markets. They do not realize sur
plus value but burn it up; they do not
participate in the global accumulation
process but divert value out of it. The
commodities sold in these markets must
be paid for, and paid for from within
capitalism as a global unit. Using var
ious financial sleights of hand this

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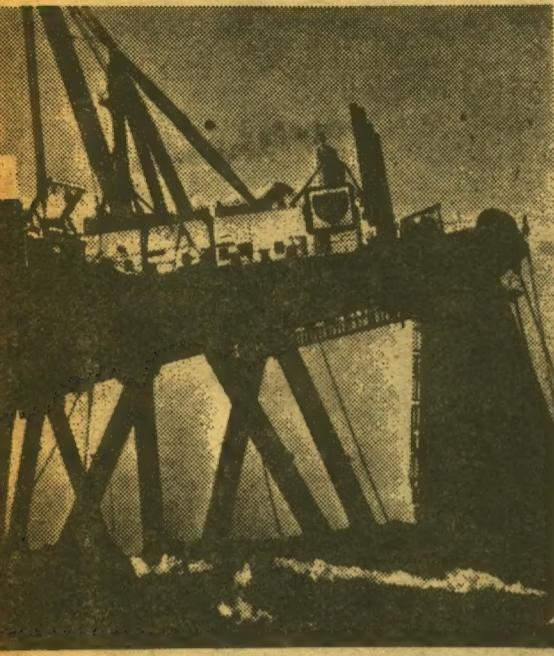
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Like the social patriots, will, in society, inevitably Communists to overthrow the social we must not delay

energy in adding to its rise to concentrate on making it will vanquish it. forming a government must make

Hankhurst

payment can be delayed for a time, but the reckoning has to come sooner or later.

Two distinct components can be identified in the last reconstruction period: first the immediate rebuilding process which lasted a very few years but produced a short "boom" in the meantime, and, secondly, the development of an unproductive sector which enabled the "boom" to continue way beyond the end of that rebuilding period. The consequences of this waste production are to the benefit of capital during reconstruction and to its detriment afterwards. The crisis starts when these unproductive sectors become too great a burden on the productive sectors of capital and begin to inhibit its ability to accumulate; this tendency results from a falling rate of profit within an environment of markets diminishing in

relation to the needs of capital. Yet in decadence these burdens cannot be discarded for they are overheads capitalism must pay to continue to exist. As competition between rival national capitals intensifies, no side can afford to cut back its arms expenditure; and as the whole fabric of society putrefies so all capitals have to spend vast sums of money to police society, and particularly the working class--from within and without. These are global problems for capital AND NO COUNTRY IS FREE OF THEM.

The dilemmas facing Russia and other state capitalist economies offer examples. In Russia the ruling class has to spend 20% of its GNP on its military budget, an enormous cost, to protect its relative autarky. Though this burden is crippling, they cannot reduce it significantly for they have to maintain their ability to compete militarily in order to protect their spheres of influence. Abandoning protectionism and opening up their markets in any significant way to other more efficient capitals would be disastrous for Russian capital.

The inflation presently appearing on a world scale lends further weight to this argument. In the 19th century development in productivity tended to lower prices while today such development is matched with rising prices. This apparent contradiction is not due to the greed of monopolies and cartels as is sometimes argued; it is false to say that monopolies "fix" prices. In the end it is the law of value and

competition which determine prices. Inflation is only the monetary expression of the increasing burden that the unproductive waste sector imposes on the productive sector; and so behind the costs of all commodities in the productive sector lies the payment for that unproductive sector. (Whatever the specific causes of any price rise may appear to be, commodity speculation or the intransigence of Middle East oil sheikhs or anything else, they only modulate the overall inflationary tendency. The attempts to deflect and at-



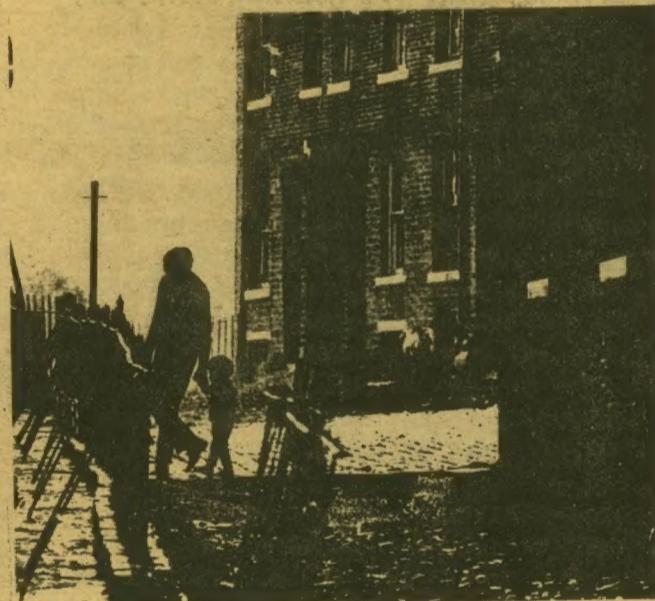
tenuate the crisis and to transform it from one guise to another make it nigh impossible to trace a particular price rise to a particular cause. But our task is not to gaze into crystal balls to anticipate every specific symptom of these tendencies.)

This is glaringly illustrated in our daily consumption. For example, when you buy a jar of coffee only a fraction of your money exchanges for the living and dead labor which is contained in it (labor and machinery in coffee plantations, in docks and shipping, in industrial processing and canning plants, and so on). The main part goes towards the upkeep of a huge advertising "industry" which invests millions of pounds to ensure that you buy this product

rather than that; towards the maintenance of soldiers, police and bureaucrats to keep you and the coffee workers in your places; towards paying off the debts one capitalist owes to another; and so on ad nauseam.

The importance of viewing the capitalist economy as a single world system cannot be overestimated. Only from this standpoint can the historical problem be seen and only from this standpoint can we see why capitalism's crisis can have no solution. We must not, however, minimize the ability of the system to pass the problem around; the stronger capitals have many ways of deflecting the crisis to weaker capitals, such as through the use of trade barriers or arms deals or "aid". Also within each national capital the ruling class has developed "planning" methods which, by temporarily permitting a partial manipulation of their own economic processes, have decelerated the tendency to crisis. However these measures have not been able to, and cannot, solve capitalism's inherent tendency to crisis and collapse.

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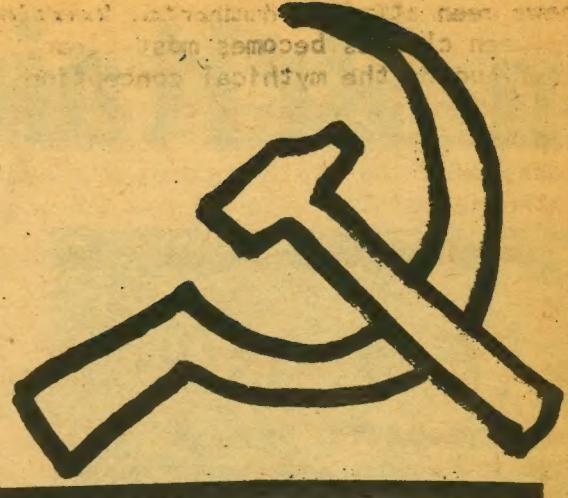
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The serialization of the forthcoming WORKERS' TRUTH pamphlet UNIONS, CAPITALISM AND THE WORKING CLASS will be continued in next month's issue.



Archives of the Revolution



Bukharin on State Capitalism

ARCHIVES OF THE REVOLUTION is a regular feature of WORKERS' TRUTH. Each month we reprint for the benefit of our readers part or all of a particular speech, article or document from the vast and rich heritage of the revolutionary Marxist movement. In this issue we reprint an excerpt from the book IMPERIALISM AND WORLD ECONOMY written in exile by Russian revolu-

What is that picture of present-day "State Socialism" which appears to be a "change in principle"? From the foregoing analysis the answer seems to follow with irresistible logic: We have here the process of accelerated centralization within the framework of a state capitalist trust, which has developed to the highest form, not of State Socialism, but of State Capitalism. By no means do we see here a new structure of production, i.e., a change in the interrelation of classes; on the contrary, we have here an increase in the potency of the power of a class that owns the means of production in quantities hitherto unheard of. To apply to such a state of affairs a terminology fit for post-capitalist relations, is not only very risky, but also highly absurd. "War Socialism" and "State Socialism" are purposely being circulated with the direct intention of misleading the people and of covering up by a "good" word a very ungainly CONTENT. The capitalist mode of production is based on a monopoly of the means of production in the hands of the class of capitalists within the general framework of commodity exchange. There is no difference in principle whatsoever whether the state power is a direct expression of this monopoly or whether the monopoly is "privately" organized. In either case there remains commodity economy (in the first place the world market) and, what is more important, the class relations between the proletariat and the bourgeoisie.

It follows from the above that (as far as capitalism will retain its foothold) the future belongs to economic forms that are close to state capitalism. This further evolution of the state capitalist trusts, highly accelerated by the war, is reflected, in its turn, in the world-wide struggle among state capitalist trusts. We have seen above how the tendency to turn capitalist states into state capitalist trusts found its reflection in the mutual relations of the states. Monopoly tendencies within the "national" body have called forth tendencies to monopolize territories OUTSIDE the home state by means of annexations; this has sharpened competition and its forms terrifically. With the further progress of internal centralization, this acute situation will become more acute by leaps and bounds. Added to

tionary Nikolai Bukharin in 1915. Bukharin's book was written at about the same time that Lenin wrote his IMPERIALISM, THE HIGHEST STAGE OF CAPITALISM. Lenin's book has far overshadowed Bukharin's in being gotten into the hands of more readers. This is indeed unfortunate since Bukharin's book which takes up the capitalist system as a single world ec-

this is the rapid narrowing of the free field for capital activities. There is, therefore, not the slightest doubt that the near future will be fraught with the most cruel conflicts, and that the social atmosphere will not cease being saturated with war electricity. One of the outward expression of this circumstance is the extraordinary growth of militarism and of imperialist sentiment. England, the and of "freedom" and "individualism", has already established a tariff and is organizing a standing army; its state budget is being militarized. America is preparing war activities on a truly grandiose scale. The same thing is going on in Germany, in France, in Japan, and everywhere. The period of an idyllic "peaceful" existence has sunk into Lethe; capitalist society is whirling in the mad hurricane of world wars.

It remains for us to say a few words about the future of class relations, since it is perfectly clear a priori that the new forms of capitalist relations can not fail to be reflected in the situation of the various social groupings. The fundamental economic question is, What will be the fate of the various parts of the "national" income? In other words, the question consists in how the "national" product will be distributed among the various social classes, in the first place how the "share" of the working class will fare. We presume that the process is going on more or less alike in all the foremost countries, and that what is true for "national" economies is true for world economy.

A deep-going tendency towards decreasing real wages must be noted first of all. High prices resulting from the disparity of capitalist production not only will not become lower but, on the contrary, they will keep on rising (we have in mind prices that are distinct from specific "war time" dearth). The disparity between world industry and world agriculture will grow more and more, for we have entered an era of an accelerated industrialization of agrarian countries. Growing militarization and wars will immensely tighten the tax press, straining it to the utmost; "everything taxable will be taxed; everything taxed will bear the greatest possible tax burden" says a

conomic system and which deals with the development and importance of state capitalism in the epoch of capitalist decay is by far the better work of the two. The excerpts below deal with the questions of state capitalism and the sharpening struggle between state capitalist trusts and state capitalism and the classes.

Russian trade paper. And this is not an empty phrase. Where non-productive expenditures are colossal and the state budget is being reconstructed, increased direct and indirect taxation is inevitable. The mounting cost of living results also from other causes: first, prices are increased due to the increased tariff rates; second, there are monopoly prices in trustified industries; state monopolies in their turn will raise prices for fiscal reasons. The result will be that an ever greater part of the national product will be retained by the bourgeoisie and its state.

The opposite tendency, springing from the working class, will, on the other hand, be confronted with a growing resistance on the part of the consolidated bourgeoisie that has grown to be one with the state. Workers' gains that were a usual phenomenon in the former epoch, become almost impossible. There takes place, not a relative, but also an ABSOLUTE worsening of the situation of the working class. Class antagonisms become inevitably sharpened. This will take place also for another reason. State capitalist structure of society, besides worsening the economic conditions of the working class, makes the workers formally BONDED to the imperialist state. In point of fact, employees of state enterprises even before the war were deprived of a number of most elementary rights, like the right to organize, to strike, etc. A railway or postoffice strike was considered almost an act of treason. The war has placed those categories of the proletariat under a still more oppressive bondage. With state capitalism making nearly every line of production important for the state, with nearly all branches of production directly serving the interests of war, prohibitive legislation is extended to the entire field of economic activities. The workers are deprived of the freedom to move, the right to strike, the right to belong to the so-called "subversive" parties, the right to choose an enterprise, etc. They are transformed into bondsmen attached, not to the land, but to the plant. They become white slaves of the predatory imperialist state, which has absorbed into its body all productive life.

Thus the principles of class antagonisms reach a height that could not

have been attained hitherto. Relations between classes becomes most clear, most lucid; the mythical conception of a "state elevated above classes" disappears from the peoples' consciousness, once the state becomes a direct entrepreneur and an organizer of pro-

duction. Property relations, obscured by a number of intermediary links, now appear in their pristine nakedness. This being the situation of the working class in the intervals between wars, it will undoubtedly be still worse in war

time. The ECONOMIST, the organ of the English financiers, was perfectly right when it wrote at the very beginning of the war that the world was entering an era of the most strenuous social conflicts.

... Economy

from page 1

resume production in return for some wage increases. Today, Italian workers can see what these "gains" are made of: thin air. The same unemployment that they fought against in 1969 is around today, only moreso. The same poor housing that existed then, exists today, only moreso. The same rotten working conditions and speed-up that they fought then, exists today, only moreso. The wage increases? They were eaten up by Italy's rampant inflation almost before the ink was dry on the union contracts.

Today it is imperative that the Italian workers not fall into the traps set for them by the unions and the social-democrats (be they Socialists, Communists or Trotskyists). It is imperative that they not fall into the rut of fighting, not for revolution, but for reform. The rut of reformism has no bottom and the working class can only lose by trying to keep the crumbs given them by the bourgeoisie with their left hand and taken back sevenfold with their right.

Today the struggle must be waged not simply outside the unions, but against them. The struggle must not simply be waged outside the electoral arena and

parliament, but against it. The struggle must not be isolated from employer to employer, factory to factory, industry to industry, but a united struggle against capital as a whole and the capitalist state as its political agent. Moreover, the struggle must not be limited to Italy. Workers all over the world have the same wants and needs as the Italian workers. This is amply demonstrated by the struggle of the Portuguese workers right now. The Italian workers must weld their struggle to the international struggle of the working class against capital. They must place international class solidarity against the patriotism of the sindicati tri-colori. It is necessary for the Italian working class to consciously struggle against all factions of capital, democratic and fascist. In the past they were led into "United fronts against fascism" and what did they get? Fascism. The lie that the workers' class interests can be defended in a bloc with the democratic capitalist faction serves only to disarm them in the face of capital's offensive.

The objective conditions already exist for revolution in Italy and internationally. What is missing is the sub-

jective factor: a class conscious working class actively struggling for its self-emancipation through the destruction of capital in all its forms and institutions. It is the task of revolutionary workers to actively strive to broaden the struggles of the class, to aid in the development of revolutionary class consciousness. The Italian workers' movement has a particularly rich heritage. Revolutionary workers must bring this heritage into today's struggles, drawing the lessons of past class battles while participating in the class battles of the present in order that they may be successful and lead to a socialist future. It is the task of Italian revolutionaries to organize a coherent intervention of political clarification within the struggles of the class. Such an intervention must be based on an internationalist perspective of the unity of the class struggle across the globe.

In 1969 the Italian proletariat showed its capacity for militant struggle. Today it must show its capacity for CONSCIOUS militant struggle, not only against this or that aspect of the capitalist system, but against the capitalist system as a whole.

Venezuela

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sciousness it is constantly assailed with the mystifications and apologies espoused by the bourgeois left through their electoralism, unionism, nationalism, frontism, guerrillaism, etc. All of these "tactics" lead to defeat for the working class and the triumph of state capitalism. Only a consistent struggle against this and all bourgeois ideology in the working class can revolutionary class consciousness be developed. Today this fight is being waged on a small scale by the magazine INTERNACIONALISMO, but as the world crisis deepens more and more workers will turn to the struggle for Marxist clarity and revolutionary consciousness.

... Capitalism

from page 8

provided the basis of the present wholesale reorganization of capital. But since the mid-sixties the "boom" facilitated by the postwar reconstruction period has definitely come to an end and capitalism has now entered a new period of intensified crisis. The collapse of international monetary agreements, runaway inflation, the sharpening of inter-imperialist rivalries (shattering the "unity" of the so-called Eastern and Western blocs) and the proliferation of local and inter-imperialist wars all testify to the deep nature of this crisis. For humanity as a whole, capitalism's inability to surmount its economic problems manifests itself in the growing decomposition of the natural and urban environment and the increasing pauperization of mankind through famine, disease and cultural debasement.

Although they are attempts by the bourgeoisie to transcend the inner contradictions of capitalism, all the various measures taken in this period (eg, statification and planning in its Keynesian, fascist or "marxist-leninist" form) are now explicitly revealing their inability to resolve those contradictions. Even the superexploitation of the proletariat reproduces the whole problem of realization after an increasingly shorter period. Inexorably, the capitalist system in its competition for markets will be forced, in the absence of the proletarian revolution, towards war and physical destruction as the "final solution" to its crisis - but a new world war offers the prospect of a final destruction of capital itself.

Capitalism has truly reached a desperate historic impasse.

For the world proletariat, the period of decadence has a particular significance. Since the bourgeoisie in this period, can only respond to its crisis by continually attacking the working class through increased exploitation, state repression and wars, the proletariat no longer has any interest in the survival of capitalism. Thus every REAL struggle of the working class today forces it to confront not only the employers but also the state. The decadent era of capitalism is of necessity the era of the proletarian revolution.

Unlike 1914, when the crisis found the proletariat unprepared for the tasks of the new epoch, or 1929, when the working class had already been defeated on a world scale, the working class is entering this present conjunctural crisis undefeated and capable of assimilating in struggle the lessons of the past. The immediate prospect in this period is the renewal of the class struggle on a world scale. Because the crisis will unfold of necessity over a long and uneven period, the proletariat will be able to acquire, through trial and error, a clear understanding of its historic task: the dictatorship of the proletariat and the communist transformation of society. The development of communist consciousness within the world proletariat is thus the main key to a future which will avoid the new round of degradation and destruction with which capitalism threatens mankind.

PUBLICATIONS WHICH SHOULD BE OF INTEREST TO OUR READERS:

INTERNATIONALISM

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New York, NY 10027

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FIGHT FOR SOCIALISM!

The world we live in is a world where people are divided into classes according to their role in production. The two major classes in society are the capitalist class and the working class. The capitalists own the means of production (factories, machines, etc.) but produce nothing. The workers, on the other hand, receive only meager wages for the sale of their labor power to the capitalists. Almost all production in society is done by the workers. However, almost all the benefits from this production go to the capitalists. The basis for production in this society is profit. The capitalists are not interested in having the workers produce things that people can use or that people need. They are only interested in what makes them the biggest profit. Thus, while the capitalists get richer and richer, the workers are worse off than they were before.

In order to increase profits the capitalists resort to all sorts of techniques which most of us are familiar with: speed-up, wage cuts, unemployment, labor-saving machinery. While, for instance, labor-saving machinery would be progressive in a society run by the workers, it does nothing for them under capitalism. It is just another attack on the workers.

Another feature of capitalist society is war. Every day there is a war going on somewhere in the world. This

is due to the necessity of the capitalists to wage war in order to get ahead of the capitalists in other countries. The working class has no interests in supporting these wars. What the workers want is peace. However, there can be no peace until the capitalists have been removed from power and this society replaced by one run by the workers in the interests of the toiling masses.

To do this, it is not enough to elect people to Congress or as President. The government is nothing more than the executive committee of the ruling class. It is the owners of the big corporations who have the final say as to what goes on. It is necessary to organize our own workers' councils. These councils will be the class rule of the workers after the revolutionary overthrow of capitalism. When capitalism goes Congress will go with it. All the democracy surrounding the Congress is just a sham to keep us tied to this system. It is democracy for the rich, for the capitalists. Our democracy will be real democracy, proletarian democracy, the democracy of the many. We do not simply want a workers' government, we want a workers' republic.

In order to throw out the capitalists and build a workers' republic and socialism the working class needs a revolutionary party. Such a party must be based on *The Communist Manifesto*, the first two congresses of the Communist

(Third) International, and the revolutionary work of Marx, Engels, Lenin, Trotsky, Luxemburg and Bogdanov. It must be a democratic-centralist party. However, it is not enough to build such a party here in the United States. Capitalism is a world system. Even so-called "Communist" Russia and China are capitalist (state capitalist). In order to wage a successful worldwide struggle against capitalism the workers must have an international party. It is toward the construction of the International Party of Revolutionary Workers (Fourth International) that the Revolutionary Workers Group and Workers' Truth are dedicated.

In 1917 the Russian workers seized power under the leadership of the Bolshevik Party. However, the revolution was isolated and the Russian workers exhausted from the hard struggle in a backward country lost power when the Bolsheviks lost faith in the world proletariat in 1921. The four years of the revolutionary dictatorship still remain, however, as a beacon for workers throughout the world.

Under capitalism the workers are nothing more than menials. We deserve a better life. We deserve socialism. However, it will not be handed to us on a platter. We must fight for it. For if we do not fight for socialism we will be handed barbarism. Socialism or barbarism? Fight for Socialism!

Capitalism Ascendant and Decadent

The following article is excerpted from the Perspectives document of the WORLD REVOLUTION group in Great Britain. It first appeared in the May issue of WORLD REVOLUTION.

Capitalism differentiates itself from all previous modes of production by its ever increasing need to extract surplus value and accumulate capital. Value is produced by the working class who sell their labor power to the class which owns and manages the means of production: the capitalist class in its individual or state forms. Capital returns only part of this value to the exploited workers in the form of wages. The remaining surplus value (apart from that portion which the capitalists consume themselves) is realized on the market and enables the capitalist class to obtain money-capital. This in turn allows for capitalization and thus the continuation of the accumulation process. This process is the heart of the capital/wage labor relationship, and is the source of antagonisms between both classes and therefore of class struggle.

Historically, however, capitalist accumulation has found insurmountable barriers. As Rosa Luxemburg showed, surplus value can not be realized within the context of a purely capitalist economy. In its earlier period, GLOBAL CAPITAL had access to pre-capitalist areas in which capital could realize its surplus value, import vital commodities and raw materials for its own expanded reproduction and exploit pools of cheap labor. Thus, in the 19th century, capitalism was able to offset the problems caused by over-production by realizing its surplus value outside the capitalist mode of production. Capitalism as a whole accumulated in the environment of a non-capitalist world (feudal, natural and simple commodity

producing societies) which provided the original capitalist countries ample room for the healthy expansion of capital.

But the fundamental contradiction of capitalist expansion is that as soon as it comes into contact with other modes of production, it destroys them and integrates them into the capitalist market. The faster capitalism grew in the 19th century, the faster it exhausted the pre-capitalist areas upon which its expansion depended. The rapid outburst of imperialist expansion at the end of the 19th century was motivated by the increasingly urgent need of national capitalisms to obtain markets in the colonial areas. With the domination of those areas, imperialist rivalries increased, and the era of world wars began. After this time, GLOBAL CAPITAL can no longer expand in the same way; all further growth takes place by one capital at the expense of another. As a world system capitalism has reached the limits of its ascendant, progressive phase.

The historical decline and saturation of non-capitalist markets fatally deepens the overall tendency of capitalist production: the falling rate of profit. In the ascendant period this tendency spurred and contributed to the outward expansion of capital. In the period of decline the tendency of the falling rate of profit finds no real palliative in imperialist expansion and thus becomes an irreversible contradiction at the heart of the system.

Consequently, the survival of the capitalist system in DEcadence is maintained by a diseased inward growth which periodically cannibalizes its own productive forces with ever greater intensity. While ascendant capitalism always underwent periodic crises of over-production, those crises heralded further overall growth of capital; in its era of PERMANENT crises, on the other

hand, capital can only surmount its conjunctural crises by destroying vast amounts of productive forces both machinery and workers in wars, and then "expanding" again in the period of postwar reconstruction. BUT THAT EXPANSION TAKES PLACE ON A HISTORICAL BASIS OF DEcadence.

In order to overcome the realization problem, capitalism has to engage in a high degree of waste production, ie, production of goods and services which do not enter the capitalization process. In particular capitalism in this period is obliged to produce enormous quantities of arms and military technology because each capitalist state must be armed to the teeth to compete in inter-imperialist rivalries (and this equally has the effect of burning up surplus value which can not be capitalized). The huge state bureaucracies and the advertising "industries" are further expressions of this tendency towards waste production. But while they are indispensable to capitalism today, these measures simultaneously cause tremendous inflationary pressures which serve only to deepen the crisis in the long term.

The decisive manifestation of decadence is the first world imperialist war of 1914-18. The proletariat of that time, revolting against the horrors of that war and against the whole rotten imperialist system, was faced with the urgent necessity of throwing off all the reformist tactics of the past and destroying capitalism once and for all. But the proletariat's failure to achieve communism, its defeat at the hands of the world-wide counter-revolution, enabled capitalism to continue in its deadly cycle. After the defeat of the proletarian revolution in the early 1920s there was a period of reconstruction, followed by a new global crisis and a second imperialist world war which

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